

Message Text

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PAGE 01 KHARTO 02361 190837Z

11

ACTION AF-07

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-04 FPC-01 H-01 INR-05

INT-05 L-01 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

SCI-02 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01 PRS-01

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E.O. 11652: N/A

TAGS: ENRG: SU

SUBJ: OIL EXPLORATION CONCESSIONS

1. PRESS ANNOUNCED OCT 15 GRANTING OF 39 LICENSES TO US COMPANY CHEVRON FOR OIL EXPLORATION IN RED SEA AREA. SAME REPORT INDICATED GOS HAD AGREED "IN PRINCIPLE" TO AWARDED CHEVRON LICENSES FOR OIL EXPLORATION IN CENTRAL SUDAN. CHEVRON IS FOURTH COMPANY (THIRD US) TO BE AWARDED EXPLORATION RIGHTS IN SUDAN.

2. CHEVRON REPS TOLD EMBOFF SEPT 25 (REF MEMCON OF SEPT 27) THAT RED SEA AREA, WHICH COVERS 31,200 SQUARE KM AROUND PORT SUDAN (MOSTLY OFF-SHORE), IS REGARDED AS THE "MORE PROMISING" OF THE TWO CONCESSIONS, DESPITE HUGE AREA COVERED IN CENTRAL SUDAN (OVAD 516,000 SQUARE KM). POSSIBILITY EXISE EXPLORATION IN LATTER MAY INDICATE PRESENCE OF OTHER MINERALS, BOTH NEW LICENSES WOULD BE REQUIRED FOR CHEVRON TO BENEFIT FROM SUCH DISCOVERY. REP SAID FIRST TEST DRILLING FOR OIL COULD

NOT BE EXPECTED BEFORE 1976, BY WHICH TIME COMPANY
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PAGE 02 KHARTO 02361 190837Z

WILL HAVE SPENT AS MUCH AS \$18 MILLION. EXACT TERMS OF

EXPLORATION WOQHD DEPEND ON AMOUNTS DISCOVERED, BUT IN ANY
CASE CHEVRON IS TO HAVE EQUITY SHARE.

3. COMMENT. DISCOVERY OF OIL IN SUDAN, EVEN IN MODEST
QUANTITIES, WOULD PROVIDE RELIEF TO COUNTRY'S FOREIGN EXCHANGE
POSITION PRECISELY AT TIME DEBAT SERVICE BURDEN IS EXPECTED TO
BECOME MUCH HEAVIER. FURTHERMORE, WHILE GOS
PUBLICITY ON CONCESSIONS WAS APPROPRIATELY RESERVED, THERE IS
OBVIOUS POLITICAL SIGNIFICANCE IN FACT THAT A MAJOR COMPANY--AND
AND AMERICAN ONE TO BOOT--HAS ENOUGH CONFIDENCE SNA TABILITY OF
NIMEIRI REGIME TO RISK SUBSTANTIAL INVESTMENT WHERE DISCOVERY OF
OIL IN COMMERICAL QUANTITIES WAS HITHERTO REGARDED AS ONLY
MARGINAL POSSIDVLITY.
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